



Department of Justice

FOR IMMEDIATE RELEASE
FRIDAY, JANUARY 9, 2009
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CRM
(202) 514-2007
TDD (202) 514-1888

LLOYDS TSB BANK PLC AGREES TO FORFEIT \$350 MILLION IN CONNECTION WITH VIOLATIONS OF THE INTERNATIONAL EMERGENCY ECONOMIC POWERS ACT

WASHINGTON – Lloyds TSB Bank plc (Lloyds), a United Kingdom corporation headquartered in London, has agreed to forfeit \$350 million to the United States and to the New York County District Attorney’s Office in connection with violations of the International Emergency Economic Powers Act (IEEPA), Acting Assistant Attorney General Matthew Friedrich of the Criminal Division, Internal Revenue Service (IRS) Commissioner Doug Shulman and Robert M. Morgenthau, District Attorney for the New York County District Attorney’s Office, announced today. The violations relate to transactions Lloyds illegally conducted on behalf of customers from Iran, Sudan and other countries sanctioned in programs administered by the Office of Foreign Assets Controls.

A criminal information was filed today in the U.S. District Court for the District of Columbia charging Lloyds with one count of violating the IEEPA. Lloyds waived indictment, agreed to the filing of the information, and has accepted and acknowledged responsibility for its criminal conduct. Lloyds agreed to forfeit the funds as part of deferred prosecution agreements with the Department of Justice and the New York County District Attorney’s Office.

Under the IEEPA, it is a crime to willfully violate, or attempt to violate, any regulation issued under the act, including the Iranian Transactions Regulations, which prohibit exportation of services from the United States to Iran, and the Sudanese Sanctions Regulations, which prohibit exportation of services from the United States to Sudan.

According to court documents, beginning as early as 1995 and continuing until January 2007, Lloyds, in both the United Kingdom and Dubai, falsified outgoing U.S. wire transfers that involved countries or persons on U.S. sanctions lists. Specifically, according to court documents, Lloyds deliberately removed material information—such as customer names, bank names and addresses—from payment messages so that the wire transfers would pass undetected through filters at U.S. financial institutions. This process of “repairing” or “stripping,” as Lloyds commonly referred to it, allowed more than \$350 million in transactions to be processed by U.S. correspondent banks used by Lloyds that might have otherwise been blocked or rejected due to sanctions regulations or for internal bank policy reasons. According to court documents, the criminal conduct by Lloyds was designed to evade, and to assist its customers in evading, U.S. economic sanctions imposed against Iran, Sudan and other countries.

“For more than 12 years, Lloyds facilitated the anonymous movement of hundreds of millions of dollars from U.S.-sanctioned nations through our financial system,” said Acting Assistant Attorney General Matthew Friedrich. “More than \$350 million moved from places such as Iran through locations around the world because Lloyds stripped identifying information from international wire transfers that would have raised a red flag at U.S. financial institutions and caused such payments to be scrutinized. The Department will continue to use criminal enforcement measures against the knowing and intentional evasion of U.S. sanctions laws, particularly where such conduct has the potential to finance terrorist activities.”

“Today's global economy demands this type of high-level coordinated approach by multiple agencies and authorities,” said IRS Commissioner Doug Shulman. “The IRS is proud to have shared its hallmark expertise in following the money trail in this and other increasingly sophisticated criminal schemes. Indeed, creating new strategies and models of cooperation among governments on international tax compliance is one of my top priorities for the IRS.”

The bank’s forfeiture of \$175 million to the United States and \$175 million to New York County will settle forfeiture claims by the Department of Justice and the state of New York related to the misconduct. In light of the bank’s remedial actions to date and its willingness to acknowledge responsibility for its actions, the Department will recommend the dismissal of the information in two years, provided Lloyds fully cooperates with, and abides by, the terms of the agreement.

The case was prosecuted by Assistant Chief Mia Levine and Trial Attorney Frederick Reynolds of the Criminal Division's Asset Forfeiture and Money Laundering Section, which is headed by Chief Richard Weber. The case was investigated by the IRS-Criminal Investigation’s Washington Field Division.

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